# Philip Morris Brands Sarl v Goodness for Import and Export & Ors (No 1)

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO 22IP-42–09 OF 2012
UMI KALTHUM J
8 MARCH 2013

*Civil Procedure — Interim preservation of property — Application for — Containers seized containing cigarettes — Applicant an Egyptian entity — Application for protection and release of ten containers — Ad interim order to prevent dealing with ten containers — Rules of Court 2012 O 12 r 10(1), (2), (4) & (5) — Courts of Judicature Act 1964 s 23*

*Civil Procedure — Jurisdiction — Forums conveniens — Ten containers belonging to Egyptian entity seized while in transit — Whether Malaysian court had jurisdiction for claim or relief or remedy sought in action — Whether Malaysia proper forum for dispute*

The plaintiff was the registered proprietor and/or common law owner and/or beneficial owner of the 'MARLBORO' and 'MARLBORO Roof Device' and 'MARLBORO Roof Line' trademarks, and possessed the exclusive right to use the 'MARLBORO' marks in relation to cigarettes. In December 2011, the Royal Malaysian Customs ('RMC') had detained and searched 12 containers on the basis that the containers were declared to contain 'Omani Marble'. The RMC's investigations showed they actually contained cigarettes but out of the 12 containers detained, RMC's search revealed that ten of them contained 'MALIMBO' branded cigarettes and not 'Omani Marble'. The goods were then seized for the offence of making a false declaration pursuant to the Customs Act 1967 ('the Act'). The RMC subsequently compounded the offence in the sum of RM30,000 which was paid by the first and second defendants. The first defendant, an Egyptian entity, claimed for the release of the MALIMBO containers. However, the goods were prevented from being released to the first and second defendants when the court gave an order of injunction upon the plaintiff's application and instead remained in the custody of the RMC. The plaintiff considered 'MALIMBO' and its packaging to be an infringement of the plaintiff's trademarks rights and other intellectual property rights in the MARLBORO brand around the world, and had filed the writ of summons and the statement of claim against the first defendant. The first defendant applied under O 12 r 10(1), (2), (4), and (5) of the Rules of Court 2012 ('ROC') and s 23 of the Courts of Judicature Act 1964 ('CJA') for, inter alia, the protection and release of the ten containers of MALIMBO cigarettes,

an ad interim order made to prevent any dealing with the ten containers; a declaration that the court had no jurisdiction over the first defendant in respect of the subject matter of the claim or the relief or remedy sought in the action by the plaintiff; that Malaysia was not the proper forum for this dispute and such the whole of these proceedings should be stayed.

**Held**, allowing the application:

(1) It was not disputed that the plaintiff did not apply for leave to serve a notice of the writ out of jurisdiction pursuant to O 11 r 1 of the ROC. This non-compliance was fatal to the plaintiff's case against the defendant seeing that the first defendant was an Egyptian entity and this court had no jurisdiction over the first defendant unless the leave of court had been applied for and granted or the first defendant had submitted to the court's jurisdiction (see para 12).

(2) The first defendant did enter an appearance to this case after becoming aware of the interim injunction granted by the court. The first defendant however did so in order to challenge the jurisdiction of this court. In view of the provisions of O 12 rr 9, 10(6) of the ROC and the fact that learned counsel for the first defendant had indicated quite early her client's wish to challenge the jurisdiction of this court, her appearance on behalf of the first defendant did not constitute the first defendant's waiver of its rights to challenge the jurisdiction of this court (see paras 13).

(3) The first defendant was an Egyptian entity and MALIMBO cigarettes were sold by the first defendant and others all over the Middle East and North Africa, in particular in Egypt where the first defendant had its business. It was also common ground that the ten containers containing the MALIMBO cigarettes were in transit when these containers were seized by the RMC. MALIMBO cigarettes were never sold to the public in Malaysia. The RMC had ordered the goods to be exported to Egypt after the compound was paid by the first defendant (see para 16).

(4) The only link between the first defendant and the plaintiff in Malaysia was the presence of the ten containers of MALIMBO cigarettes which were in the custody of the RMC and ordered to be re-exported to Egypt. In the circumstances, Malaysia and this court was not the forums conveniens to try the matter vis the first defendant (see para 18).

**[Bahasa Malaysia summary**

Plaintif adalah tuan punya berdaftar dan/atau pemilik *common law* dan/atau pemilik benefisiari cap dagangan 'MARLBORO' dan 'MARLBORO Roof Device' dan 'MARLBORO Roof Line', dan memiliki hak eksklusif untuk menggunakan tanda 'MARLBORO' berkaitan rokok. Pada Disember 2011, Kastam Diraja Malaysia ('KDM') telah menahan dan memeriksa 12 kontena atas asas bahawa kontena-kontena tersebut diisytiharkan mengandungi

A 'Omani Marble'. Siasatan KDM menunjukkan ia sebenarnya mengandungi rokok tetapi daripada 12 kontena yang ditahan, pemeriksaan KDM menunjukkan bahawa sepuluh daripada kontena tersebut mengandungi rokok berjenama 'MALIMBO' dan bukan 'Omani Marble'. Barang-barang tersebut kemudiannya dirampas untuk kesalahan membuat perisytiharan palsu
B berikutan Akta Kastam 1967 ('Akta'). KDM kemudiannya mengkompaunkan kesalahan dalam sejumlah RM30,000 yang dibayar oleh defendan-defendan pertama dan kedua. Defendan pertama, rakyat Mesir, menuntut untuk pelepasan kontena-kontena MALIMBO. Barang-barang tersebut walau bagaimanapun dihalang daripada dilepaskan kepada defendan-defendan
C pertama dan kedua apabila mahkamah memberikan perintah injunksi atas permohonan plaintif dan sebaliknya kekal dalam jagaan KDM. Plaintif mempertimbangkan 'MALIMBO' dan pembungkusannya menjadi pelanggaran hak dan hak harta intelektual yang lain dalam jenama MARLBORO di seluruh dunia, dan telah memfailkan writ saman dan
D penyataan tuntutan terhadap defendan pertama. Defendan pertama memohon di bawah A 12 k 10(1), (2), (4), dan (5) Kaedah-Kaedah Mahkamah 2012 ('KKM') dan s 23 Akta Mahkamah Kehakiman 1964 ('AMK') untuk, antara lain, perlindungan dan pelepasan sepuluh kontena rokok MALIMBO,
E perintah ad interim order dibuat untuk menghalang apa-apa pengendalian dengan sepuluh kontena tersebut; perisytiharan bahawa mahkamah tidak mempunyai bidang kuasa ke atas defendan pertama berkaitan perkara tuntutan atau relief atau remedi yang dipohon dalam tindakan oleh plaintif; bahawa Malaysia bukan forum sebenarnya untuk pertikaian ini dan oleh
F demikian kesemua prosiding ini patut ditangguhkan.

**Diputuskan**, membenarkan permohonan:

(1) Ia tidak dipertikaikan bahawa plaintif tidak memohon untuk izin
G menyerahkan notis writ luar bidang kuasa berikutan A 11 k 1 KKM. Ketidakpatuhan ini adalah fatal kepada kes plaintif terhadap defendan memandangkan bahawa defendan pertama adalah rakyat Mesir dan mahkamah ini tidak mempunyai bidang kuasa ke atas defendan pertama kecuali izin mahkamah telah dipohon dan diberikan atau defendan
H pertama telah memohon kepada bidang kuasa mahkamah (lihat perenggan 12).

(2) Defendan pertama telah memasukkan kehadiran kepada kes ini selepas mengetahui mengenai injunksi interim yang diberikan oleh mahkamah. Defendan pertama walau bagaimanapun berbuat sedemikian supaya
I dapat mencabar bidang kuasa mahkamah ini. Mengambil kira peruntukan A 12 kk 9, 10(6) KKM dan fakta bahawa peguam yang bijaksana untuk defendan pertama telah menunjukkan sejak awal yang pelanggannya hendak mencabar bidang kuasa mahkamah ini, kehadirannya bagi pihak defendan pertama tidak membentuk

pengetepian defendan pertama terhadap haknya untuk mencabar bidang kuasa mahkamah ini (lihat perenggan 13).

(3) Defendan pertama adalah rakyat Mesir dan rokok MALIMBO dijual oleh defendan pertama dan yang lain-lain di seluruh Timur Tengah dan Afrika Utara, terutamanya di Mesir di mana defendan pertama mempunyai perniagaannya. Adalah juga alasan biasa bahawa sepuluh kontena yang mengandungi rokok MALIMBO berada dalam transit semasa kontena-kontena tersebut dirampas oleh KDM. Rokok MALIMBO tidak pernah dijual kepada orang awam di Malaysia. KDM telah memerintahkan barang-barang tersebut diekspot ke Mesir selepas kompaun tersebut dibayar oleh defendan pertama (lihat perenggan 16).

(4) Satu-satu hubungan antara defendan pertama dan plaintif di Malaysia adalah kehadiran sepuluh kontena rokok MALIMBO yang mana berada dalam jagaan KDM dan diperintahkan untuk diekspotkan semula ke Mesir. Dalam keadaan ini, Malaysia dan mahkamah ini bukan *forums conveniens* untuk membicarakan perkara vis defendan pertama (lihat perenggan 18).]

**Notes**

For a case on Forums Conveniens, see 2(1) *Mallal's Digest* (4th Ed, 2012 Reissue) paras 5265.

**Cases referred to**

*American Express Bank Ltd v Mohamed Toufic Al-Ozeir & Anor* [1995] 1 MLJ 160; [1995] 1 CLJ 273, SC (refd)

*Joseph Paulus Lantip & Ors v Unilever PLC* [2012] 7 CLJ 693, FC (refd)

**Legislation referred to**

Courts of Judicature Act 1964 s 23

Customs Act 1967

Rules of Court 2012 O 11, O 11 r 1, O 12 rr 9, 10(1), (2), (4), (5), (6)

Rules of the High Court 1980

*Bahari Yeow Tien Hong (Lim Zhi Jian with him) (Lee Hishamuddin Allen & Gledhill) for the plaintiff.*

*Nora Hayati Ismayatim (Siti Maisarah Ab Rahim with her) (Nora Hayati & Associates) for the defendant.*

**Umi Kalthum J:**

THE APPLICATION

**[1]** The first defendant applied under O 12 r 10(1), (2), (4), (5) of the Rules

of Court 2012 ('ROC') and s 23 of the Courts of Judicature Act 1964 ('CJA') for amongst others:

(a) an order setting aside the writ of summons dated 24 September 2012 ('the said writ') (prayer a);

(b) the protection and release of the ten containers of MALIMBO cigarettes, which the plaintiff had seized or threatened to seize in this proceeding as a result of the injunction dated 2 October 2012 and ad interim injunction dated 16 October 2012 (prayer d);

(c) the discharge of the injunction dated 2 October 2012 and ad interim order dated 16 October 2012 made to prevent any dealing with ten containers of MALIMBO cigarettes/any other property of the first defendant (prayer e);

(d) a declaration that in the circumstances of the case the court has no jurisdiction over the first defendant in respect of the subject matter of the claim or the relief or remedy sought in the action by the plaintiff (prayer f); and

(e) pursuant to O 12 r 10(2) on the ground that Malaysia is not the proper forum for this dispute and such the whole of these proceedings should be stayed and all injunctions dated 2 October 2012 including ad interim injunction dated 16 October 2012 be set aside (prayer h).

## BRIEF FACTS

**[2]** The plaintiff is the registered proprietor and/or common law owner and/or beneficial owner of the MARLBORO and MARLBORO Roof Device and MARLBORO Roof Line trademarks for tobacco, raw or manufactured and other such products, which is valid and subsisting all material times. The plaintiff has the exclusive right to use the MARLBORO marks in relation to cigarettes.

**[3]** In December 2011, the Royal Malaysian Customs, Selangor ('RMC') had detained and searched 12 containers which were on board the vessel CSAV Pyrennes. They did soon the basis that the containers were declared to contain 'Omani Marble' while the RMC's investigations showed they actually contained cigarettes. Out of the 12 containers detained, RMC search revealed that ten of them contained 'MALIMBO' branded cigarettes and not 'Omani Marble'.

**[4]** The contents of these containers had been transshipped from Vietnam through Penang Port and were to be shipped from Westport, Port Klang onwards to Egypt.

**[5]** The RMC seized the goods for the offence of making a false declaration pursuant to the Customs Act 1967. The RMC subsequently compounded the offence in the sum of RM30,000 which sum was paid by the first and second defendants.

**[6]** The first defendant is the consignor and/or owner and/or the beneficial owner of the MALIMBO cigarettes and/or the MALIMBO containers and had made a claim for the release of the MALIMBO containers.

**[7]** The first defendant is an Egyptian entity based on the information from the letter dated 19 September 2012 from the RMC. Even though a search was made by the plaintiff through Egyptian solicitors who found no such company by the first defendant's name exists, the first defendant's solicitors clarified to this court on the existence of the first defendant.

**[8]** The goods were later prevented from being released to the second defendant/first defendant when this court gave an order of injunction dated 2 October 2012 on the plaintiff's application. The goods are presently in the custody of the RMC (exh 13, encl 45).

**[9]** The plaintiff considers the MALIMBO brand cigarettes and its packaging to be an infringement of the plaintiff's trademarks rights and other intellectual property rights in the MARLBORO brand around the world, and had filed the writ of summons and the statement of claim against first defendant, amongst others. The action against the fourth defendant had been withdrawn with no order as to costs, whilst the action against the second, third and fifth defendants had been disposed off where a consent order had been entered and recorded on 12 December 2012.

**[10]** On the 12 December 2012, this court had ordered that:

(a) prayer (a) of encl 30 be struck off insofar as it referred to the plaintiff's statement of claim;

(b) prayer (b)–(c) of encl 30 be dismissed; and

(c) costs to be paid to the plaintiff.

## THE DECISION

**[11]** I allow the first defendant's application with modification to prayer (h) by the deletion of the phrase 'and such the whole of these proceedings should

be stayed' and costs at RM4,000. I do so for the following reasons.

*Service out of jurisdiction*

**[12]** It is not disputed that the plaintiff did not apply for leave to serve a notice of the writ out of jurisdiction pursuant to O 11 r 1 of the ROC. This non-compliance was fatal to the plaintiff's case against the defendant seeing that the first defendant is an Egyptian entity and this court has no jurisdiction over first defendant unless the leave of court has been applied for and granted or the first defendant has submitted to this court's jurisdiction. This was so decided in the Supreme Court case *American Express Bank Ltd v Mohamed Toufic Al-Ozeir & Anor* [1995] 1 MLJ 160; [1995] 1 CLJ 273 where Peh Swee Chin SCJ at p 166 (MLJ); pp 279–280 (CLJ) ruled as follows:

> In a case like the present one, involving some foreign elements, the question that normally first of ail arises, is whether our courts have jurisdiction ie, power to deal with the case. At common law, it would mean that a Malaysian court would have jurisdiction over a foreign defendant, if he is present in Malaysia. If he is not present in Malaysia, the Malaysian court would still have jurisdiction, if the foreign defendant has submitted to jurisdiction, ie he has submitted to being sued in Malaysia.
>
> If neither such a defendant can be served in this country, because he is not present here nor has he submitted to jurisdiction, then the Malaysian courts can assume statutorily, such jurisdiction over the foreign defendant under O 11 r 1 of the Rules of the High Court 1980, … on the foreign defendant, as the conferment of such jurisdiction is implicit in connection with the granting of leave by the High Court for service out of jurisdiction etc. There is no need to go further in this case by referring to the relevant provisions of the Courts of Judicature Act 1964 etc for source or origin of such statutory jurisdiction …

Peh Swee Chin SCJ then went on to state:

> To continue with our view, it is most important to bear in mind another vital principle, that even if there is such jurisdiction to deal with the case, at common law, a Malaysian court has still the discretion to decide whether to deal with it on the doctrine of forum non coveniens. If the court exercises its discretion accordingly eg not to deal with the case, then as the case maybe, it can either stay the proceedings against the foreign defendant or refuse to grant leave to issue and serve out of jurisdiction such a notice of writ of summons, or permit an application to set aside such leave when leave has already been granted in the absence of the foreign defendant in an ex parte application for such leave earlier …

The Federal Court in *Joseph Paulus Lantip & Ors v Unilever PLC* [2012] 1 CLJ 693 had ruled that, per Arifin Zakaria CJ, at p 708:

> [35] Service of writ out of jurisdiction is governed by O 11 of the RHC … It is a discretionary jurisdiction which must be exercised with caution and biased against invading the sovereignty of another state …

**[13]** The first defendant did enter an appearance to this case after becoming aware of the interim injunction granted by this court. The first defendant however did so in order to challenge the jurisdiction of this court. In this context, learned counsel for the first defendant referred to the provisions of O 12 r 9 of the RC (which is a new provision compared to the Rules of the High Court 1980) which provides as follows:

> Appearance not to constitute a waiver (O.12, r.9)
>
> 9 The appearance by a defendant in an action shall not be treated as a waiver by him of any irregularity in the writ or service thereof or in any order giving leave to serve the writ out of the jurisdiction or extending the validity of the writ for the purpose of service.

It was submitted for the first defendant that in the circumstances, the appearance by Messrs Nora Hayati & Associates, solicitors for the first defendant was by no means a waiver of the first defendant's rights to challenge the jurisdiction of this court over the first defendant and or the service of the writ on the first defendant,

**[14]** In view of the provisions of O 12 rr 9 and 10(6) of the ROC and the fact that learned counsel for the first defendant had indicated quite early her client's wish to challenge the jurisdiction of this court, I agree with her submission that her appearance on behalf of the first defendant did not constitute the first defendant's waiver of its rights to challenge the jurisdiction of this court.

*Forum conveniens/non conveniens*

**[15]** On this issue, I also find for the first defendant for the following reasons.

**[16]** It is common ground that the first defendant is an Egyptian entity and that MALIMBO cigarettes are sold by the first defendant and others all over the Middle East and North Africa, in particular in Egypt where the first defendant has its business. It is also common ground that the ten containers containing the MALIMBO cigarettes were in transit when these containers were seized by the RMC. MALIMBO cigarettes were never sold to the public in Malaysia. The RMC had ordered the goods to be exported to Egypt after the compound was paid by the first defendant.

**[17]** The plaintiff had stated that it intends to take action in Egypt, countries in the Middle East and North Africa to protect its trademark in MARLBORO vis the sale of MALIMBO cigarettes. At this point in time the status of the actions to be taken is not known (paras 22, 36 affidavit in reply, encl 36).

**[18]** The only link between the first defendant and the plaintiff in Malaysia is the presence of the ten containers of MALIMBO cigarettes which are in the custody of the RMC and ordered to be reexported to Egypt. In the circumstances I am of the view that Malaysia and this court is not the forum conveniens to try the matter vis the first defendant.

*Application allowed.*

Reported by Afiq Mohamad Noor